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E.O. 12958: N/A

TAGS: [ECON](#) [EINV](#) [PREL](#) [PGOV](#) [IZ](#)

SUBJECT: PLANNING FOR THE OCTOBER U.S.-IRAQ DIALOGUE ON
ECONOMIC COOPERATION AND BUSINESS AND INVESTMENT CONFERENCE

REF: A. STATE 77718

[1](#)B. STATE 80762

[1](#)1. (SBU) Summary: Embassy offers our perspective on planning for the two events announced during PM Maliki's recent visit to Washington: The October 19 U.S.-Iraq Dialogue on Economic Cooperation (DEC) and the October 20-21 U.S.-Iraq Business and Investment Conference. Both events, but particularly the business conference, have the personal attention of the Prime Minister and his senior advisors. We are working intensively with the GOI to prepare for the business conference, primarily to accelerate visa processing for the Iraqi business delegation. The Iraqi government and public will likely interpret the level of USG engagement in both events as a sign of future USG commitment to Iraq under the Strategic Framework Agreement (SFA). As national elections approach in January, the GOI will also look for a domestic political boost from the Washington events. This is an opportunity for the GOI to announce deliverables that improve the investment climate. Our challenge will be to ensure that the Washington conference achieves more than previous investment conferences supported by Task Force for Business and Stability Operations (TFBSO) and Commerce, and that the GOI comes to Washington prepared for both substantive government-to-government discussions and serious dialogue with potential investors, including specific investment opportunities. Post recommends that the President give the opening speech at the conference along with participation from other senior administration economic officials. End summary.

Business and Investment Conference

[1](#)2. (SBU) The October 20-21 U.S.-Iraq Business and Investment Conference was announced during the Prime Minister's visit to Washington in July. The U.S. Chamber of Commerce will host the conference and has reserved its entire facility for the event. Up to 200 Iraqi participants are expected, of which approximately 35 will be GOI officials. To ensure strong provincial representation, the GOI will invite the Governor, Chairman of the Provincial Investment Commission (PIC), and the Chairman of the Provincial Council from each province. Most of the Iraqi delegation will consist of executives from both state-owned and private businesses (plus representatives from the major state-dominated business chambers). The USG, through DoD's TFBSO, is funding much of the DEC and the conference, including expenses for 100 Iraqi participants. TFBSO is also involved in planning for the conference.

[1](#)3. (SBU) Dr. Sami al Araj, Chairman (designee) of the National Investment Commission (NIC), is pulling together the Iraqi delegation and has already provided the Embassy with roughly 100 names for visa processing. A constant concern for Dr. Sami as he composes the Iraqi delegation is "balance" -- balance between government and private sector participants, balance among provinces and regions, and political and ethnic/sectarian balance. While he has taken a

very possessive approach to determining the Iraqi delegation -- and has consulted with the Prime Minister -- Dr. Sami has agreed to consider suggestions of business participants from PRTs and the Embassy. (Comment: Dr. Sami has emphasized that the first tranche of Iraqi businessmen are all prominent and well-financed figures. End comment.)

¶4. (SBU) The head of the GOI delegation has not been determined. According to Dr. Sami, the Prime Minister is considering attending the conference. We also understand that Deputy PM Barham Salih may lead the delegation. In Qthat Deputy PM Barham Salih may lead the delegation. In either event, Dr. Sami will handle planning for the conference and serve as master of ceremonies, reprising the role he played in the April investment conference in London. Working with Dr. Sami presents considerable challenges: he does not delegate to NIC staff, and he is overly focused on form over substance, seeking a conference that produces a &big splash8 that will generate media attention. All USG interlocutors need to consistently remind Dr. Sami that the goal of the conference is to generate real U.S. investment in Iraq.

¶5. (SBU) The principal U.S. agencies and organizations involved in the conference planning, along with the Embassy of Iraq Commercial Attache, have drafted a preliminary agenda, which we have shared with Dr. Sami for his input. The conference will focus on eleven sectors: Oil/Gas, Electricity, Industry (SOEs), Transportation, Banking/Finance, Health & Education, Agriculture, Housing, Telecommunications, Tourism, and Defense Cooperation. Over the conference's two days, time allowance for speeches is limited to the opening session on the first morning and closing remarks the final afternoon. The remainder of the

agenda is broken into smaller sessions for match-making, one-on-one meetings, and panel discussions. We will meet with Dr. Sami during the third week of August to discuss this in detail; we can expect he will have strong views about the conference format and agenda.

¶6. (SBU) Comment: The conference will receive a great deal of publicity in Iraq; it will be seen as an early sign of non-security cooperation and engagement under the SFA. Our hope is that the conference will translate into new U.S. investment and other business deals that will benefit both Iraq and U.S. firms. Given the current investment climate and Iraq's poor reputation in international business circles, this will be a significant challenge. We will continue to work closely with Dr. Sami and NIC staff in the coming weeks to make sure the GOI is prepared with necessary materials to engage in substantive discussions with potential U.S. investors. We will also work with senior GOI officials and parliament to try to focus the GOI on deliverables to announce to the U.S. business community during the conference -- with ratification of the OPIC agreement and passage of amendments to the National Investment Law as the two most promising deliverables. Such deliverables and sound investment proposals would help ensure that the conference is more than a public relations exercise. Post recommends that the President give the opening speech at the conference. We will likewise need participation from Commerce Secretary Locke and other senior administration economic officials. Such engagement will send a powerful signal to the GOI and Iraqi public that the USG remains committed to supporting Iraq. End comment.

Dialogue on Economic Cooperation

¶7. (SBU) The bilateral Dialogue on Economic Cooperation (DEC) has met for several years for a high-level overview of economic issues. The October 19 meetings will be the first since February 2008 when the DEC convened in Baghdad. Not only will this be the first DEC with the new U.S. Administration, but it will be the first since the SFA and Security Agreement took effect this year. Many of the issues that would naturally be covered at the DEC are part of the SFA, and one task is to work out the formal linkage between

the SFA and the DEC. Advanced planning, particularly with respect to the agenda for substantive discussions, level of representation, and number of participants, has been complicated by the GOI's delay in determining the delegation's lead.

¶8. (SBU) Deputy PM Barham Salih, who has led the GOI delegation to the DEC in recent years, has said he intends to continue with this role, even if he becomes PM of the KRG before that time. This would have the benefit of ensuring continuity with past DEC's, as well as with the SFA (Salih chairs the Economic and Energy JCC, while Deputy PM Rafi Issawi chairs the Services JCC which also includes many issues that will be raised at the DEC). However, with DPM Salih resident nearly full-time in Erbil, coordination with his staff will be difficult, as will be follow-up on DEC implementations.

¶9. (SBU) The DEC is important to draw attention to many troubling trends in GOI economic policy. Whereas the investment conference will be public and highlight opportunities in Iraq, the government-to-government talks are the place for a frank discussion on the need for economic reform and more coherent economic decision-making. In addition to pressing for progress on pending issues like hydrocarbons legislation and World Trade Organization accession, we need to use the high-level dialogue to confront the GOI's recent troubling trend of turning back the clock on economic policy (e.g., exerting monopoly rights for their national airline and weakening competition in the mobile phone market) and addressing corruption issues in doing business. We should also use the opportunity for a general discussion of future USG engagement in Iraq (e.g., trends in assistance levels, as well as specific priorities of the Obama administration).

¶10. (SBU) As with the investment conference, the GOI will use the DEC to gauge the level of continued USG interest in Iraq. It is important that we have senior-level (Under Secretary or above) representation from a range of USG agencies. In addition to the Deputy PM, there are more than a dozen GOI ministers or deputy ministers expected to attend. While the delegation is not yet formed, we expect that the Ministers of Oil and Finance will attend, as well as ministers representing the ministries handling the topics mentioned in para 5. This is an excellent opportunity to reinforce the USG message on the importance of business-friendly economic policies directly to the top tier of Iraqi leadership.

¶11. (SBU) Post will coordinate closely with NEA/I on planning the DEC. We are aware of discussions already launched with the Middle East Institute regarding a lunch on October 19. We recommend a full day of meetings at the State Department. A welcoming speech by Secretary Clinton, touching on her vision for the SFA, would be an excellent start. Ideally, Deputy Secretary Steinberg would have a prominent role (perhaps speaking at lunch), and the incoming U/S for Economic Affairs would head the U.S. delegation.
HILL